

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1445-01
Bill No.: HB 353
Subject: Insurance - General; Insurance - Property; Insurance Dept.
Type: Original
Date: March 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue *	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue Fund *	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds *	\$0	\$0	\$0

*** The fiscal impact could be divided between the General Revenue Fund, the County Foreign Insurance Fund (which ultimately goes to local school districts), and County Stock Funds if some of the tax credits are utilized against insurance premium taxes.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government *	\$0	\$0	\$0

*** The fiscal impact could be divided between the General Revenue Fund, the County Foreign Insurance Fund (which ultimately goes to local school districts), and County Stock Funds if some of the tax credits are utilized against insurance premium taxes.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation, Office of Administration (COA) - Division of Design and Construction, COA - Division of Risk Management, Missouri Consolidated Health Care Plan, Department of Public Safety - Missouri State Water Patrol, Department of Labor and Industrial Relations, Missouri Department of Conservation and Office of State Courts Administrator** assume the proposal will not fiscally impact their organization.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of this proposal on the MHP.

Officials from the **Department of Insurance (INS)** state this legislation contains provisions that could potentially increase assessments (non-economic claims) as well as provisions which could potentially decrease assessments (caps and other limits). Assessments made by the Guarantee Association are allowed to be taken as a credit against an insurer's premium tax liability. Premium tax credits impact General Revenue, County Foreign, and County Stock Funds. The

INS is unable to determine the net impact to these funds, so it has estimated an unknown fiscal impact.

ASSUMPTION (continued)

This proposal may impact Total State Revenue. The impact is unknown as the legislation could possibly impact revenue due to increases or decreases in premium taxes collected as a result of Guarantee Association tax credits.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Income - Department of Insurance</u>			
Increase in assessments	Unknown	Unknown	Unknown
<u>Savings - Department of Insurance</u>			
Reduction in premium taxes transferred to County Foreign Insurance Fund and County Stock Fund	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Loss - Department of Insurance</u>			
Decrease in assessments	(Unknown)	(Unknown)	(Unknown)
Premium tax credits	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*** Note: This does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

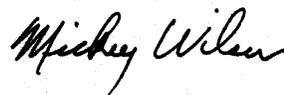
This proposal amends several provisions of the Property and Casualty Insurance Guaranty Association Act. The proposal expands the guaranty association's obligations for claims arising from bodily injury, sickness, or disease, so as to include damages for pain and suffering.

The proposal also adds several provisions establishing the guaranty association's obligations for insurance products that have been created during the past several years and clarifies several provisions regarding the administration of the guaranty fund, so as to comply with the recommendations of the National Conference on Insurance Guaranty Funds.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -
 Division of Design and Construction
 Division of Risk Management
Office of State Courts Administrator
Department of Transportation
Department of Public Safety -
 Missouri Highway Patrol
 Division of Water Safety
Department of Labor and Industrial Relations
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation



Mickey Wilson, CPA
Director

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